

Message Text

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ORIGIN OES-07

INFO OCT-01 EUR-12 ISO-00 ACDA-12 CIAE-00 INR-07 IO-13
L-03 NSAE-00 EB-08 NRC-05 SOE-02 DODE-00 DOE-11
SS-15 SP-02 NSCE-00 SSO-00 USIE-00 INRE-00 COME-00
H-01 DOEE-00 /099 R

DRAFTED BY OES/NET/NEP:W.MOFFITT:BJE
APPROVED BY OES/NET:L.NOSENZO
EUR/EE:N.ANDREWS
L/N:R.SLOAN
S/AS:R.KELLY (SUBS)
T/D:D.WELCH (SUBS)

-----089274 202147Z /70

O P 202116Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY BELGRADE IMMEDIATE
INFO AMEMBASSY VIENNA PRIORITY

C O N F I D E N T I A L STATE 016435

USIAEA

E.O. 11652: GDS

TAGS: PARM, ENRG, YO

SUBJECT: KRSKO NUCLEAR FUEL LICENSE

REF: A) BELGRADE 288 B) VIENNA 253

1. PER REQUEST FOR INFO ON SUPPLIES OF ENRICHED URANIUM
TO INDIA FOLLOWING IS GUIDANCE YOU MAY USE IN FURTHER DIS-
CUSSIONS WITH AMBASSADOR KLJUN AND OTHER APPROPRIATE GOY
OFFICIALS.

2. AS IN CASE OF FUEL FOR BRAZILIAN POWER REACTOR, DECISION
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TO RECOMMEND TO NUCLEAR REGULATORY COMMISSION ISSUANCE OF
EXPORT LICENSE FOR ANOTHER SHIPMENT OF LOW ENRICHED URANIUM
FUEL FOR TARAPUR POWER REACTORS WAS BASED ON DETERMINATION
THAT INDIA CURRENTLY MEETS IMMEDIATE EXPORT CRITERIA CON-
TAINED IN PENDING NON-PROLIFERATION LEGISLATION AND THAT
CONDITIONS FOR SUPPLY UNDER OUR EXISTING BILATERAL AGREEMENT
FOR COOPERATION HAD BEEN MET. DECISION TO FORWARD FAVORABLE

RECOMMENDATION WAS MADE PRIOR TO PRESIDENT'S VISIT. THE IMMEDIATE EXPORT CRITERIA INCLUDE:

A. THAT U.S. ORIGIN MATERIAL WILL NOT BE USED FOR ANY NUCLEAR EXPLOSIVE DEVICE (GOI HAS PROVIDED WRITTEN ASSURANCE TO USG).

B. IAEA SAFEGUARDS ON ALL U.S. SUPPLIED EQUIPMENT AND MATERIAL.

C. MAINTENANCE OF ADEQUATE PHYSICAL SECURITY ON ALL U.S. SUPPLIED EQUIPMENT AND MATERIAL.

D. U.S. RIGHT OF CONSENT OVER RETRANSFER OF U.S. SUPPLIED EQUIPMENT AND MATERIAL.

E. U.S. RIGHT OF CONSENT OVER ANY REPROCESSING OF U.S. SUPPLIED FUEL.

WHILE NO ADDITIONAL CONDITIONS WERE IMPOSED AT THIS TIME ON INDIA IN EXCHANGE FOR OUR RECOMMENDING APPROVAL OF THIS NEXT SHIPMENT, PRESIDENT CARTER STRONGLY URGED GOI ACCEPTANCE OF FULL SCOPE INTERNATIONAL SAFEGUARDS ON ALL ITS NUCLEAR FACILITIES. HE ALSO POINTED OUT THAT PENDING LEGISLATION WOULD FORCE TERMINATION OF U.S. SUPPLIES OF FUEL FOR TARAPUR AFTER 18 OR 24 MONTHS (DEPENDING ON WHICH VER-

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SION OF BILL IS FINALLY PASSED) IF THIS SOON-TO-BE IMPOSED CONDITION OF CONTINUING SUPPLY IS NOT MET.

3. IT IS ALSO WORTH NOTING THAT THE U.S.-GOI AGREEMENT FOR COOPERATION UNDER WHICH THE TARAPUR REACTORS WERE SUPPLIED IS UNIQUE IN THAT IT PROVIDES FOR USE OF ONLY U.S.-SUPPLIED FUEL FOR THE LIFE OF THE REACTORS AND THE GOI HAS CONTRACTED WITH DOE FOR A 30 YEARS' SUPPLY OF ENRICHMENT SERVICES. YOU SHOULD MAKE THIS POINT TO KLJUN IN CONNECTION WITH GOY CONSIDERATION OF PICKING UP ADDITIONAL 20 YEAR OPTION ON THEIR CURRENT DOE ENRICHMENT SERVICES CONTRACT AS WELL AS EMPHASIZING THAT THE U.S. STANDS READY TO ACCEPT THIS BILATERAL APPROACH AS AN ALTERNATIVE TO TYING ASSURANCES ON U.S. RIGHTS OF CONSENT FOR NON-U.S. FUEL USED IN U.S. SUPPLIED REACTOR TO AMENDED IAEA AGREEMENT FOR COOPERATION.

4. WITH REGARD TO PRESIDENT CARTER'S OFFER TO SUPPLY HEAVY WATER TO MEET A SHORTFALL AS A RESULT OF A FIRE AT AN INDIAN HEAVY WATER PRODUCTION FACILITY, WE ARE STILL STUDYING HOW THIS MIGHT BE IMPLEMENTED, AND WE HOPE TO BE BACK TO YOU SHORTLY WITH INFO WHICH COULD BE PASSED TO GOY.

5. ON "MFN" CONDITIONS, YOU SHOULD REASSURE KLJUN THAT U.S. IS PREPARED TO INCLUDE IN ANY AGREEMENT NON-DISCRIMINATORY CLAUSE WHICH WOULD OFFER YUGOSLAVIA NO LESS FAVORABLE TERMS AND CONDITIONS FOR THE SUPPLY OF U.S. FUEL AND/OR ENRICHMENT SERVICES THAN WE WOULD OFFER OTHER STATES. THIS PROVISION WOULD ALSO APPLY TO LONG-TERM DISPOSITION OF SPENT FUEL FROM THE KRSKO REACTOR.

6. ADDITIONALLY, YOU SHOULD INFORM KLJUN THAT WE UNDERSTAND THAT YUGOSLAV MISSION HAS EXPRESSED CONCERNS TO IAEA SECRETARIAT OVER PROPOSED RENEGOTIATION OF U.S.-IAEA AGREEMENT FOR COOPERATION. WHILE WE CONTINUE TO VIEW SUCH AN AMENDED AGREEMENT AS ONE MEANS TO RESOLVE THE KRSKO FUEL SUPPLY PROBLEM, PARTICULARLY WITH REGARD TO THE IMPLEMENTA-
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TION OF ARRANGEMENTS CONCERNING SUPPLY OF U.S. FUEL, WE ARE OPEN TO OTHER PROPOSALS WHICH GIVE US SAME RIGHTS OF CONSENT.

7. FINALLY YOU SHOULD AGAIN POINT OUT THAT U.S. WOULD PREFER TO REACH AGREEMENT AT LEAST IN PRINCIPLE ON A SOLUTION PRIOR TO PRESIDENT TITO'S VISIT TO THE U.S. IN MARCH. YOU SHOULD INDICATE THAT SUCH PRIOR AGREEMENT WAS BASIS FOR U.S.-IRAN ANNOUNCEMENT OF AGREEMENT IN PRINCIPLE DURING RECENT PRESIDENTIAL VISIT. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NUCLEAR FUELS, LICENSES
Control Number: n/a
Copy: SINGLE
Draft Date: 20 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE016435
Document Source: CORE
Document Unique ID: 00
Drafter: W.MOFFITT:BJE
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780031-0650
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780138/aaaabghm.tel
Line Count: 146
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4410c7e1-c288-dd11-92da-001cc4696bcc
Office: ORIGIN OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 BELGRADE 288, 78 VIENNA 253
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 08 jun 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3737298
Secure: OPEN
Status: NATIVE
Subject: KRSKO NUCLEAR FUEL LICENSE
TAGS: PARM, ENRG, YO
To: BELGRADE USIAEA
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/4410c7e1-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014